State of Georgia
REQUEST FOR PROPOSALS
LIQUIDITY FACILITY
March 14, 2011

Responses Due: April 8, 2011 at 12:00 PM, EDT

Introduction

The State of Georgia (the "State") is evaluating options for its outstanding General Obligation Variable Rate Demand Bonds, 2006 H-1, 2006 H-2 and 2006H-3 (the "Bonds"). The Bonds currently have a Dexia Crédit Local liquidity facility, which is due to expire on December 21, 2011. With this Request for Proposals, the State is seeking one or more liquidity facilities to replace the expiring liquidity facility for the Bonds.

The State also is issuing a separate and simultaneous request for proposals to underwrite or purchase index floaters. Depending upon market conditions and responses to the two separate requests for proposals, the State may elect to obtain substitute liquidity facilities or refund the Bonds with floating rate notes for all or a portion of the outstanding Bonds. The balance of the Bonds, if any, will be refunded by the issuance of fixed rate bonds. If a substitute liquidity facility is used, it is the State's intent to have one or more new liquidity facilities effective no later than June 30, 2011 for any outstanding variable rate demand bonds.

The State's general obligation bonds are rated Aaa by Moody's and AAA by both Fitch and Standard & Poor's. A copy of the Official Statement for the Bonds can be found at http://www.gsfic.georgia.gov. For additional information regarding the State, the official statement for the State Road and Tollway Authority State of Georgia (Full Faith and Credit) Guaranteed Revenue Refunding Bonds, 2011A and 2011B contains more recent information on the State; it can be found at http://www.gsfic.georgia.gov.

The amortization of the currently outstanding Bonds is as shown below.

Maturity Date	2006H-1	2006H-2	2006H-3	Total
12/1/2011	$2,760,000	$2,760,000	$2,760,000	$8,280,000
12/1/2012	3,010,000	3,010,000	3,000,000	9,020,000
12/1/2013	3,280,000	3,280,000	3,270,000	9,830,000
12/1/2014	3,570,000	3,570,000	3,580,000	10,720,000
12/1/2015	3,890,000	3,890,000	3,900,000	11,680,000
12/1/2016	4,250,000	4,250,000	4,240,000	12,740,000
12/1/2017	4,630,000	4,630,000	4,620,000	13,880,000
12/1/2018	5,040,000	5,040,000	5,050,000	15,130,000
12/1/2019	5,500,000	5,500,000	5,490,000	16,490,000
12/1/2020	5,990,000	5,990,000	6,000,000	17,980,000
12/1/2021	6,530,000	6,530,000	6,540,000	19,600,000
12/1/2022	7,120,000	7,120,000	7,120,000	21,360,000
12/1/2023	7,760,000	7,760,000	7,760,000	23,280,000
12/1/2024	8,460,000	8,460,000	8,460,000	25,380,000
12/1/2025	9,220,000	9,220,000	9,220,000	27,660,000
12/1/2026	10,050,000	10,050,000	10,060,000	30,160,000
Total	$91,060,000	$91,060,000	$91,070,000	$273,190,000

I. Submission of Proposal

Proposals are due not later than **12:00 PM EDT on April 8, 2011**. Please e-mail your proposals to the following:

Susan Ridley Director Georgia State Financing and Investment Commission susan.ridley@gsfic.ga.gov	Lee McElhannon Director of Bond Finance Georgia State Financing and Investment Commission lee.mcelhannon@gsfic.ga.gov
Steven Peyser Public Resources Advisory Group speyser@pragny.com	Janet Lee Public Resources Advisory Group jlee@pragny.com

II. Preliminary Schedule of Events

The following is the projected schedule for this request for proposal process:

Issuance of Request for Proposal	March 14, 2011
Deadline for Submitting Questions	March 28, 2011, 3:00 PM EDT
Deadline for Submission of Proposal	April 8, 2011, 12:00 PM EDT
Anticipated Notification of Successful Firm(s)	Week of April 18, 2011
Close Substitutions	No later than June 30, 2011

III. Other Information

The State reserves the right to: (i) not undertake any liquidity facility replacement; (ii) reject any or all proposals received in response to this request for proposals; (iii) accept a proposal from a firm other than the apparent lowest cost proposer based on other conditions (or lack thereof) of the proposals received; (iv) waive or modify any irregularities in proposals received; (v) consider proposals or modifications received at any time before the award is made, if such action, in the sole judgment of the State, is in the best interest of the State; and (vi) negotiate separately with any source whatsoever, in any manner necessary to serve the best interests of the State.

Inquiries regarding this request for proposal should be addressed to Steven Peyser (speyser@pragny.com) and Janet Lee (jlee@pragny.com) at Public Resources Advisory Group by **March 28, 2011, 3:00 PM EDT**. Any contact with State officials or other members of the financing team, except as specified above, regarding issues raised by this request for proposals is prohibited and may result in disqualification.

The expenses of your proposal will not be the responsibility of the State. The State may conduct interviews with any (but not necessarily all) of the respondents. The State reserves the right to select more than one liquidity provider. In addition, the State reserves the right not to proceed with a continued variable rate bond program.

IV. Facility Terms, Conditions and Other Information

Minimum Bank Ratings	Providers must have at least one long-term rating in the double-A category from Moody's Investors Service, Standard & Poor's Ratings Group or Fitch Ratings and short-term ratings of at least P-1, A-1 and F1 by Moody's Investors Service, Standard & Poor's Ratings Group and Fitch Ratings, respectively.
Facility:	Standby Bond Purchase Agreement, renewable at the option of the Provider at the request of the State. The selected Bank(s) shall provide a draft of the applicable agreement based on the terms provided herein within two weeks of the State's acceptance of the proposal.
Facility Amount:	One or more facilities totaling principal of up to $273,190,000 plus interest at 9% for [35] days for tax-exempt bonds.
Facility Term:	Terms of 3 years or longer are preferred.
Bond Maturity:	The final maturity of the variable rate bonds is December 1, 2026.
Maximum Rate on Bank Bonds	The Maximum Rate is 9% on an annualized basis. During the course of the year, the rate on the bank note can exceed 9%; however, on an annualized basis, the rate cannot exceed 9% such that the annual debt service for the bonds exceeds the allocable portion of the allowable highest annual debt service requirement of $32,865,000, which was calculated based on level debt service for the original aggregate principal amount of $300,000,000 over 20 years at 9%. If the amount of interest payable to a Bank Bondholder in respect of Bank Bonds for any interest payment period exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Rate, then interest on Bank Bonds for such period shall accrue at the Maximum Rate for such interest payment period and shall be payable in an amount determined accordingly. The amount of interest that would have accrued and been payable on Bank Bonds for any interest payment period, calculated without regard to the immediately preceding sentence, in excess of the amount actually accrued on such Bank Bonds for such interest payment period, in accordance with the preceding sentence, shall, taking the preceding sentence into account, until paid as provided in this subsection, constitute the "Excess Bond Interest Amount." So long as any Excess Bond Interest Amount exists, Bank Bonds shall, for the current and each subsequent interest period (or portion thereof), bear interest at the Maximum Rate, rather than the Bank Bond Interest Rate, until the date on which the amount of interest accrued and paid on Bank Bonds equals the amount of interest which would have accrued thereon if interest had been calculated at the Bank Bond Interest Rate without regard to the Maximum Rate. On the last day of any fiscal year of the State on which any amount of Excess Bond Interest Amount remains unpaid to the Bank, the State shall, to the extent permitted by applicable law, pay to such Bank Bondholder, an amount equal to the lesser of (i) the unpaid Excess Bond Interest Amount or the (ii) Unspent Annual Appropriated Amount; provided that no such amount shall be paid to the extent payment thereof would violate applicable usury law or law governing maximum interest rates; and provided further that such amount shall be due and payable in full regardless of whether or not Bank Bonds are held by a Bank Bondholder on such day. The "Unspent Annual Appropriated Amount" shall mean the amount of the appropriated and unspent monies available on such date for the payment of debt service on the Bonds (including Bank Bonds) in the then current fiscal year. The appropriated amount shall be the fiscal year debt service on the remaining variable rate bonds calculated at the annualized maximum rate.

Term Out:	There will be no term-out provision.
Acceleration:	There will be no acceleration provision as a remedy under the Agreement.
Annual Fee:	Payable quarterly in arrears calculated on an actual 360-day basis. There will be no amendment or transfer fees payable upon replacement of a bank in the event of a long or short term rating downgrade of the bank, and the annual fee will terminate effective upon any such replacement.
Bank Counsel:	Identify the law firm and the individual in charge that you propose to serve as your bank counsel, and if applicable, foreign bank counsel, and the not to exceed fees, including out of pocket expenses. If multiple banks are selected, the State reserves the right, based on consultation with the banks, to specify a single law firm to act as Bank Counsel for all of the banks.
Events of Default	Events of default and immediate termination events shall comply with the current rating requirements for liquidity facilities from Fitch, Moody's and Standard & Poor's, as applicable.
Interest Rate	All interest will be calculated on an actual over 365-day basis and payable monthly in arrears.
Optional Termination:	The State will have the option to terminate the Agreement at any time. The State will guarantee the first year's annual fee for a three-year facility and up to two years' annual fee for a five-year or longer facility, subject to adjustment for fees already paid in that year. No remaining fee amount in any year (including the first year) of the Agreement will be paid if early termination is due to (i) downgrade of the Bank's short-term ratings or long-term ratings below its current level, (ii) increased costs imposed by the Bank whereby a replacement bank agrees to charge the State lower fees and charges associated with comparable increased costs, and (iii) the State elects to redeem the Bonds, convert the Bonds to a fixed rate of interest, or defease the Bonds, in any case in full from a source of funds that does not involve a substitute liquidity facility.
Governing Law	State of Georgia
Legal Opinion	The State expects to receive legal opinions relating to the validity and enforceability of the Agreement from U.S. counsel and foreign counsel in the case of foreign banks. Bond Counsel will provide opinions with respect to the validity and tax-exemption of the variable rate demand bonds and the validity of the Agreement. Bank counsel will be expected to render preference opinions, if any, as required by the rating agencies.
Method of Selection:	The State intends to take several factors into account including: (i) the proposed fees for each term; (ii) whether the bank has obtained credit approval or the length of time required to obtain it; (iii) other material terms and conditions the Bank will require; (iv) the different bank trading levels as determined by the State and its Financial Advisor; and (v) other factors deemed appropriate.

Form of RFP Submission:	Please provide the following information in a form similar to Exhibit A - Proposal Information Form. 1. *<u>Bank Name and Contact Information</u>:* Provide name of bank, address, phone number, and e-mail address of the contact person who is authorized to answer questions and to negotiate final terms and conditions on behalf of the bank. 2. *<u>Bank Ratings</u>:* Bank's current long and short-term ratings, including outlooks. 3. *<u>Facility Amount and Term</u>:* The amount of capacity and the terms you anticipate to be able to provide. 4. *<u>Annual Fee</u>:* Indicative annual fees for each facility term. 5. *<u>Other Fees</u>:* Detail any and all other fees that will be charged to the State, including any upfront commitment fee. *6.* *<u>Interest Rates</u>:* Describe how interest rates will be computed for bank bonds and the default rate. 7. *<u>Bank Counsel</u>:* Firm and primary lawyer acceptable to serve as bank counsel. 8. *<u>Expenses</u>:* The State desires to set a limit on legal and out-of-pocket expenses. Indicate (i) cap on the legal fees and expenses of counsel to the bank and (ii) cap on any other expenses to be incurred. The State will reimburse legal fees and expenses up to $30,000, plus up to $2,500 for fees of outside foreign counsel if a foreign counsel opinion is required. No reimbursement will be made for in-house foreign or domestic counsel regardless of whether they are rendering opinions. 9. *<u>Credit Approval</u>:* The amount of time you will require to obtain credit approval. 10. *<u>Terms and Conditions</u>:* Provide a term sheet detailing any material terms and conditions, including events of default and remedies, covenants, representations and warranties, and closing conditions. 11. *<u>Length of Time Proposal is Valid</u>:* State how long your proposal will be valid.

EXHIBIT A

STATE OF GEORGIA
Proposal Information Form – Variable Rate Demand Bonds

Name of Bank: ____

Contact Person:________________________ **Phone**: _________________________

Fax: __________________________________ **E-mail**: ________________________

Address:____

Country Where Domiciled: ____

Bank's Ratings:

Fitch: Long-term ________ Short-term ________ Outlook/Credit Watch ___________

Moody's: Long-term ________ Short-term ________ Outlook/Credit Watch ___________

Standard & Poor's: Long-term ________ Short-term ________ Outlook/Credit Watch ___________

Maximum Principal Amount: _______________________________ (plus required interest coverage)

Facility Length	Annual Fee
Other Fees (specify other fees)	
Bank Bond Rate	
Default Rate	
Other	

Bank Counsel and primary contact: ____

Bank Legal Fees and Expenses: Estimated at $ _______________; capped at $ ______________

Time Frame for Credit Approval: ____

Length of Time Proposal is Valid: ____

Provide a term sheet detailing any material terms and conditions, including events of default and remedies, covenants, representations and warranties, and closing conditions.